

Message Text

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PAGE 01 BONN 06181 01 OF 03 062255Z
ACTION EUR-12

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R 061203Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7388
INFO AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART
USMISSION USBERLIN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY DUBLIN
AMEMBASSY COPENHAGEN

UNCLAS SECTION 01 OF 03 BONN 06181

USEEC ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: PARTICULARS OF PACKAGE SETTLEMENT IN BADEN-
WUERTTEMBERG METAL MANUFACTURING INDUSTRY

REF: (A) BONN 5971; (B) BONN 5918

SUMMARY: THE METALWORKERS UNION HOPES TO OBTAIN OVER-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 06181 01 OF 03 062255Z

WHELMING APPROVAL FROM THE MEMBERSHIP FOR THE CONTRACT
PACKAGE AGREED TO ON APRIL 2. THE ORGANIZED METAL-
WORKERS IN NORTH BADEN-WUERTTEMBERG WILL VOTE ON APRIL
6. WHETHER OR NOT THIS CONTRACT WILL BE ADOPTED AS A
MODEL FOR AGREEMENTS IN THE OTHER BARGAINING AREAS IN
METAL MANUFACTURING THROUGHOUT THE FRG HAS NOT BEEN DE-
CIDED BY THE UNION AND EMPLOYERS. THE EMPLOYERS' ASSO-

CIATION HAS ENDED THE LOCKOUT, EFFECTIVE APRIL 5, AT 00:01 HOURS. END SUMMARY.

1. THE SETTLEMENT WAS DESIGNED TO END A STRIKE WHICH BEGAN ON MARCH 14, AND A LOCKOUT WHICH BEGAN ON MARCH 20, BOTH IDLING OVER 230,000 METALWORKERS. PROVISIONS OF THE SETTLEMENT INCLUDE:

A) A 5 PERCENT PAY INCREASE FOR BLUE COLLAR WORKERS AND SALARIED EMPLOYEES RETROACTIVE TO JANUARY 1, WITH A LUMP SUM TO COVER THE THREE-MONTHS PERIOD JANUARY THROUGH MARCH;

B) THE UPWARD CLASSIFICATION OF ALL WORKERS IN THE LOWEST WAGE GROUP, ABOUT 1.6 PERCENT OF THE TOTAL WORK FORCE, TO THE NEXT HIGHER WAGE GROUP. THE LOWEST WAGE GROUP TO BE ELIMINATED;

C) THE AGREEMENT TO BE IN EFFECT FOR ONE YEAR FROM JANUARY 1 THROUGH DECEMBER 31, 1978.

2. IN ADDITION, THE PACKAGE INCLUDES JOB PROTECTION FOR BLUE COLLAR WORKERS AND SALARIED EMPLOYEES AGAINST THE EFFECTS OF RATIONALIZATION AND TECHNOLOGICAL CHANGES. THESE PORTIONS OF THE CONTRACT ARE TO BE IN FORCE UNTIL JUNE 30, 1983. THE MAJOR PROVISIONS ARE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 06181 01 OF 03 062255Z

AS FOLLOWS:

A) IN THE CASE OF RATIONALIZATION MEASURES OR TECHNOLOGICAL CHANGES LEADING TO THE ELIMINATION OR DOWNWARD CLASSIFICATION OF JOBS, EFFORTS MUST BE MADE TO TRANSFER THE INCUMBENT WORKER TO A SIMILAR JOB WITH EQUAL CLASSIFICATIONS WITHIN THE PLANT, OR, TO RETRAIN THE INCUMBENT (6 MONTHS, AS A RULE, BUT NOT TO EXCEED 12 MONTHS) FOR PLACEMENT IN A SIMILAR JOB AT THE SAME WAGE CLASSIFICATION. THE OLD WAGE (PLUS ANY NEGOTIATED PAY INCREASES) WILL BE GUARANTEED DURING THE RETRAINING PERIOD.

B) IF LATERAL TRANSFER OR RETRAINING IS IMPOSSIBLE, THE INCUMBENT WILL RECEIVE A WAGE SUPPLEMENT NOT TO EXCEED 18 MONTHS TO COMPENSATE FOR THE DIFFERENCE BETWEEN THE OLD WAGE AND THE NEW WAGE PAID IN A LOWER RATED JOB. DURING THIS PERIOD, THE INCUMBENT WILL FULLY PARTICIPATE IN ALL WAGE INCREASES NEGOTIATED IN THE COLLECTIVE AGREEMENT.

C) AFTER 18 MONTHS OF SUPPLEMENTAL PAY, A GRADUAL

REDUCTION WILL TAKE PLACE. ONE HALF OF ANY FUTURE
WAGE INCREASES NEGOTIATED UNDER COLLECTIVE AGREEMENT
WILL BE WITHHELD UNTIL THE LOWER PAY RATE HAS BEEN
REACHED, I.E., THE DIFFERENCE BETWEEN THE OLD AND NEW
WAGE GROUP HAS THUS BEEN ABSORBED.

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PAGE 01 BONN 06181 02 OF 03 070013Z
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UNCLAS SECTION 02 OF 03 BONN 06181

D) DOWNWARD CLASSIFICATIONS WILL BE LIMITED TO TWO
WAGE GROUPS FOR BLUE COLLAR WORKERS AND TO ONE SALARY
GROUP FOR SALARIED EMPLOYEES.

E) THE WORKS COUNCILS WILL HAVE FULL RESPONSIBILITY

AND CONTROL OVER THE IMPLEMENTATION OF THE AGREEMENT
AND THE ADMINISTRATION OF THE PROCEDURE.
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PAGE 02 BONN 06181 02 OF 03 070013Z

3. WHILE THE UNION'S BARGAINING COMMISSION FOR NORTH BADEN-WUERTTEMBERG APPROVED THE PACKAGE BY A 92:10 VOTE, SECTIONS OF THE RANK AND FILE SEEMED DISSATISFIED LARGELY BECAUSE THE PAY INCREASE WAS LOWER THAN EXPECTED. THESE GROUPS ARGUED THAT AFTER A THREE-WEEK STRIKE, THE SETTLEMENT SHOULD HAVE BEEN CLOSER TO THE ORIGINAL UNION DEMAND (8 PERCENT). THEY SEEMED PARTICULARLY UNIMPRESSED BY THE PRAISES OF THE UNION LEADERSHIP FOR THE JOB SECURITY CLAUSES WHICH WERE DESCRIBED AS A "MAJOR ACHIEVEMENT" AND A "MILESTONE IN SOCIAL HISTORY." THE REGIONAL DIRECTOR OF THE METALWORKERS UNION IN BADEN-WUERTTEMBERG, STEINKUEHLER, SAID THAT HE WOULD BE SATISFIED IF 50 PERCENT OF THE METALWORKERS APPROVED THE COMPROMISE IN THE APRIL 6 REFERENDUM.

4. THE NATIONAL METAL EMPLOYERS' FEDERATION'S REFUSAL TO RECOMMEND THE BADEN-WUERTTEMBERG PACKAGE AS A MODEL FOR OTHER COLLECTIVE BARGAINING AREAS THROUGHOUT THE FRG HAS ANNOYED THE LEADERSHIP OF THE METALWORKERS UNION. IG METALL PRESIDENT LODERER POINTED OUT THAT THE EMPLOYERS' ATTITUDE VIOLATED TO THE PRACTICE OF PREVIOUS YEARS AND CHARGED THAT THE UNIONS "HAD BEEN SOLD DOWN THE RIVER", AND THAT "SOCIAL PARTNERSHIP HAD GONE TO THE DEVIL."

5. AS A RESULT OF THE EMPLOYERS' REFUSAL, THE NEGOTIATIONS, WHICH HAD BEEN DEFERRED IN THE OTHER BARGAINING AREAS ON THE EXPECTATION OF A PATTERN-MAKING SETTLEMENT IN NORTH BADEN-WUERTTEMBERG, MAY BE REOPENED. THE SITUATION IS PARTICULARLY SERIOUS IN NORTH RHINE-WESTPHALIA WHERE THE WORKERS HAD VOTED IN FAVOR
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 06181 02 OF 03 070013Z

OF A STRIKE SEVERAL WEEKS AGO, WHICH THE UNION HEADQUARTERS IN FRANKFURT HAD DELIBERATELY REFRAINED FROM AUTHORIZING. NEGOTIATIONS WILL REOPEN IN NORTH RHINE-WESTPHALIA ON APRIL 6. A STRIKE THERE WOULD BE EVEN MORE COSTLY TO THE UNION THAN IN NORTH BADEN-WUERTTEMBERG WHERE IT IS ESTIMATED THAT OVER DM 120 MILLION WAS SPENT FOR STRIKE BENEFITS.

6. DGB PRESIDENT VETTER ATTACKED FDP ECONOMICS MINISTER LAMBSDORFF FOR HIS RECENT STATEMENTS DEFENDING EMPLOYER-SPONSORED "DEFENSIVE LOCKOUTS" (REF B), CHARGING LAMBSDORFF WITH "TAKING SIDES WITH THE EMPLOYERS." VETTER DOUBTED THAT THE CHANCELLOR WOULD AGREE WITH SUCH STATEMENTS OF "HIS" ECONOMICS MINISTER. LAMBSDORFF REACTED IMMEDIATELY TO THE CHARGE AND INVITED VETTER TO MEET WITH HIM ON APRIL 10, "TO CLARIFY DIFFERENCES."

7. THE SPD IS CONTINUING TO SUPPORT THE UNION CAMPAIGN AGAINST THE EMPLOYERS' RIGHT TO LOCKOUT (REF B). SPD CHAIRMAN WILLY BRANDT TOLD JOURNALISTS THAT THE SPD PRESIDUM HAD INSTRUCTED FORMER LABOR MINISTER

UNCLASSIFIED

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PAGE 01 BONN 06181 03 OF 03 062256Z
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UNCLAS SECTION 03 OF 03 BONN 06181

WALTHER ARENDT (SPD BUNDESTAG DEPUTY) TO PREPARE A STUDY ON THE METHODS USED IN LABOR DISPUTES, PARTICULARLY EMPLOYER LOCKOUTS, IN WESTERN INDUSTRIAL COUNTRIES. BRANDT REMARKED THAT "SUCH A STUDY SHOWING DEVELOPMENTS IN EUROPEAN NEIGHBORING COUNTRIES COULD BE HELPFUL TO THE GERMAN PUBLIC." WITHOUT MENTIONING THE SPD EFFORT, THE DGB COMMENTED THAT IN ITALY, FRANCE, AND THE NETHERLANDS LOCKOUTS WERE SEVERELY RESTRICTED.
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 06181 03 OF 03 062256Z

8. COMMENT: THE JOB SECURITY AND SUPPLEMENTAL PAY CLAUSES NEGOTIATED IN NORTH BADEN-WUERTTEMBERG HAVE INITIATED A LIVELY PUBLIC DISCUSSION. COMMENTATORS ARE UNCERTAIN ABOUT THE FUTURE COSTS, BUT MANY ARE UNEASY ABOUT THE FUTURE IMPLICATIONS. THE DUESSELDORF "HANDELSBLATT", USUALLY CLOSE TO MANAGEMENT, BELIEVES THAT THE AGREEMENT DOES NOT HAVE THE "SINISTER" SIGNIFICANCE WHICH HAS BEEN ATTRIBUTED TO IT, AND THAT THE ACTUAL NUMBER OF WORKERS AFFECTED BY RATIONALIZATION HAD NOT BEEN SIGNIFICANT. ECONOMICS MINISTER GRAF LAMBSDORFF MADE SOME CAUTIOUSLY CRITICAL REMARKS AGAINST THE CONCEPT OF SUCH AGREEMENTS (REF B), WHILE SOME PRIVATE ECONOMIC RESEARCH INSTITUTES WERE MORE OUTSPOKEN. MANAGEMENT ASSOCIATION REPRESENTATIVES FEEL THAT THE BADEN-WUERTTEMBERG SETTLEMENT IS STILL "AT THE MARGIN OF THE TOLERABLE CEILING", BUT THEY FEAR THAT SOME FINANCIALLY SHAKY FIRMS MIGHT GO OUT OF BUSINESS IN THE LONG RUN, PARTICULARLY IN MACHINE CONSTRUCTION. MOST EARLY COMMENTS, EXCEPT FOR THE UNION PRESS, BELIEVED THAT THE AGREEMENT MIGHT DISCOURAGE FUTURE RATIONALIZATION EFFORTS IN SMALL AND MEDIUM-SIZED ENTERPRISES.
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